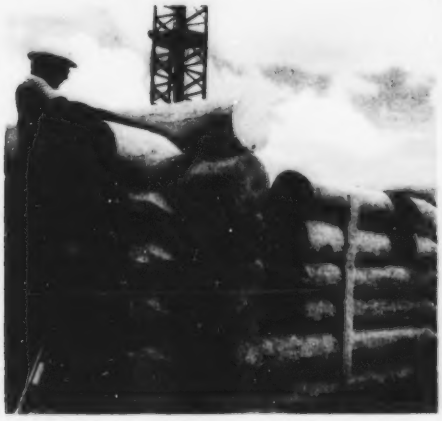
Forest Enterprises Branch

Five Year Strategy 2000 to 2005



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Message From the ADM

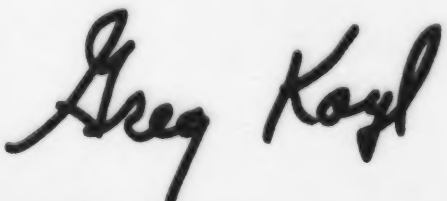
Since the creation of the Small Business Forest Enterprise Program in 1980 the Ministry of Forests has been supporting independent forestry operators and making contributions to our communities, workers and the economy. Many challenges and opportunities face the forest sector as we enter the new millennium and the ministry is putting in place key building blocks for small business forestry to flourish in the years ahead.

Last year the Ministry of Forests reconfirmed its commitment to small business forestry when all of the ministry's headquarters small business activities were amalgamated under the Forest Enterprises Branch. A major outcome of that organizational change is this strategy. It provides a roadmap to guide our corporate, regional and district small business work over the next five years. The clear vision and mandate provide the kind of direction we need to support innovation, environmental sustainability, excellence in forestry and business practices and economic benefits for our clients.

We have established priorities and strategies for our three core goals, which will challenge and stretch us as managers and stewards of B.C.'s most valuable natural resource. Reaching these goals and realizing our vision and mission will require the kind of dedication that our managers and staff have demonstrated in the development of this strategy.

Even the most casual observer of B.C.'s forest sector is aware of the widespread change and transition in recent years. And, change we must, if we are to compete in international markets and have a forest resource that will provide future generations with a lifestyle equal to what we have.

Individuals and businesses involved in small scale forestry, including the Forest Enterprises Branch, have the flexibility and adaptability needed to be at the forefront of these changes. I am pleased to endorse this strategy and will work hard to ensure its implementation.



Greg Koyl

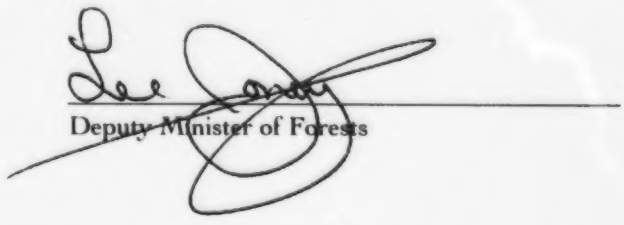
Senior Management Endorsement

The Small Business Forest Enterprises Program (SBFEP) plays an important role in supporting the small business sector of British Columbia's constantly changing forest economy. The program accounts for a larger share of the provincial allowable annual cut than any single licensee, thereby providing economic opportunities for loggers, small sawmill operators, lumber remanufacturers, specialty wood manufacturers, forestry consultants and contractors.

In leading policy and operational innovation, introducing new business practices and encouraging creative management, the SBFEP supports forest products entrepreneurs, fosters sustainable forest management and contributes to the social, economic and environmental objectives of the Crown.

We support the strategic direction outlined in this document.

Minister of Forests



Deputy Minister of Forests

Introduction

The Forest Enterprises Branch is responsible for managing the Ministry of Forests small business initiatives, with the Small Business Forest Enterprise Program (SBFEP) being its core activity. Small business forestry has been supported by the ministry for the past two decades, most notably through the SBFEP. Today, this program accounts for 13 per cent of B.C.'s allowable annual cut.

All Forests headquarters small business activities were re-organized into the Forest Enterprises Branch in 1999 to enhance the role and contribution of small business to B.C.'s forest economy. The SBFEP is a key tool used by government to support innovation in forest management, timber harvesting and wood products development.

A new market pricing system introduced in 1999 has increased the volume of timber receiving bids and being sold through the program. Forest Enterprises is also active in policy and operational discussions on competitive sales, community control and other aspects of small business forestry.

In building upon recent innovation and successes, this strategy places an increased emphasis on business efficiency, client services and sustainable forest management. The strategy and business approaches will be adapted over the next five years in response to the needs of program registrants, communities and an ever-changing forest sector.

Implementation of the strategy — vision, mission and goals — will require more than management endorsement. It will require new business approaches on the part of both the ministry and program registrants. Business practices, research and experience will carefully guide all adjustments to the program.

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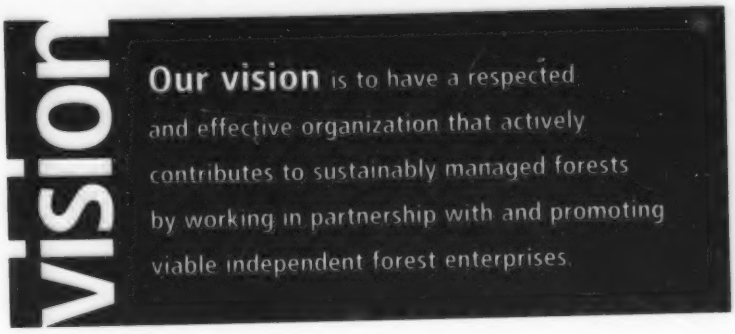
Strategic Direction


vision
Our vision is to have a respected and effective organization that actively contributes to sustainably managed forests by working in partnership with and promoting viable independent forest enterprises.

The following values are central to realizing our vision and carrying out our mission. We value:

- A healthy productive forest.
- A team approach that shares in the challenges, knowledge building, best practices and successes of small business forestry.
- Excellence in client services, forestry and business practices.
- Providing clients with opportunities to succeed and encouraging them in the pursuit of these opportunities.
- Placing a high priority on staff by assisting with their skills development and creating conditions under which they can achieve business targets.
- Taking responsibility for setting realistic business targets and being held accountable for achieving these targets.
- Innovation, while recognizing this also involves risk.
- Entrepreneurship.
- A balanced business approach reflecting social, environmental and economic objectives.

mission
Our mission is to demonstrate excellence and leadership in forest management and business practices, to provide harvesting opportunities for our clients, and, to deliver economic benefits to communities, workers, industry and the Crown.

Certification

Certification is an important sustainable forest management initiative which demonstrates through independent third party audits that a company or, in this case the SBFEP, is using good forest management practices. Certification is a voluntary process, which can be used to assure customers that forest products come from well-managed forests. It is primarily an auditing tool that addresses all issues of forest and land use.

Verification of sustainable forest management is an important priority to all markets for B.C. forest products, including products from timber harvested through the SBFEP. Certification is one tool that can be used by government, companies and other non-government organizations to support and verify sustainable management practices. Consistent with its commitment to sustainability, the provincial government supports moving forward on certification of practices in public forests.

Early in 2000, on behalf of government, the SBFEP launched its response to the increasing international move toward certification of forest practices. The program is developing a province-wide environmental management system (EMS) this year and will test the application of three major certification systems in projects in different areas of B.C. The three systems to be tested are: International Organization for Standardization (ISO 14001), Canadian Standards Association (CSA Z809) and Forest Stewardship Council (FSC). The EMS and results of individual projects will prepare the SBFEP to move toward certification.

Goals, Strategies and Priorities

To implement its vision and mission, the Forest Enterprises branch has established the following goals, strategies and priorities.

Goal # 1: Demonstrate excellence and leadership in sustainable forest management practices.

Strategies:

- Continuously improving and aiming for the best in forest management practices.
- Meeting all Forest Practices Code standards.
- Piloting innovative harvesting, silvicultural and marketing regimes.
- Engaging in forest certification projects.

Priorities:

- Implement an Environmental Management System in all Forest Districts in support of sustainable forest management and SBFEP certification projects.
- Test application of three major certification systems (ISO, CSA and FSC) through projects around the province.
- Pilot alternative harvesting and silvicultural systems.
- Actively support an internal focus on quality assurance in forest practices.
- Support and encourage sustainable forest management practices
- Provide District Managers with the staff recruitment and selection tools to match skills with the sustainable forest management values of the SBFEP.
- Test and develop the role and use of small-scale salvage.

Goal # 2: Provide access to timber.

Strategies:

- Having a mixture of competitive tenure agreements.
- Having a wide variety of qualified program registrants.
- Selling all available program volume annually.
- Providing sufficient resources to support program activities.
- Utilizing different sized timber sales and non-replaceable forest licences.

Priority activities:

- Encourage existing and potential registrants in developing skills, so they can realize more of the benefits and opportunities associated with the SBFEP.
- Provide increased community participation in the forest sector by piloting innovative harvesting and forest management agreements.
- Pursue opportunities to increase timber volumes allocated to the SBFEP.
- Clarify program requirements and ways to evaluate registrants.
- Expand competitive awards and investigate how to enhance log marketing.
- Secure, develop and retain an appropriate land base to provide full program sales.

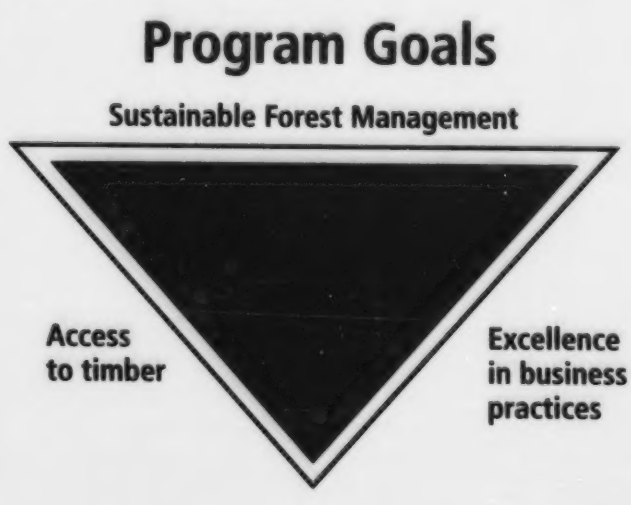
Goal # 3: Achieve excellence in business practices.

Strategies:

- Economic benefits for clients and the province
- Client responsiveness
- Efficiency
- Accountability

Priorities:

- Pursue this new direction with a high level of participation by Forest Enterprises staff, from the development of strategies and plans, to on-the-ground implementation.
- Create cost efficiencies by minimizing overhead, reducing operational costs for the program and registrants, and making a fair contribution toward ministry corporate infrastructure costs.
- Enhance management oversight of the SBFEP, including the program's strategic direction and its evaluation.
- Refine the business planning process to more fully engage field staff and appropriately reflect resource requirements.
- Evaluate partially-developed tenures, non-replaceable forest licences, and value added policies to ensure these are meeting business objectives.
- Cultivate effective relationships with clients and partners such as communities, forest sector associations and program registrants.



Definitions – Strategic Terminology

There are many recognized frameworks to assist organizations with strategic planning and change management. For the purposes of clarity, we are using the following definitions from "Serving the American Public: Best Practices in Customer-driven Strategic Planning, Federal Benchmarking Consortium, Study Report, February 1997":

Mission: An enduring statement of purpose, the organization's reason for existence. Describes what the organization does, whom it does it for, and how it does it.

Vision: An idealized view of a desirable and potentially achievable future state — where or what an organization would like to be in the future.

Strategic Direction: The organization's goals, objectives and strategies by which they plan to achieve its vision, mission and values.

Strategic Goal: A long-range change target that guides an organization's efforts in moving toward a desired future state.

Strategic Objective: A broad time-phased measurable accomplishment required to realize the successful completion of a strategic goal.

Strategic Planning: The continuous and systematic process whereby members of an organization make decisions about its future, develop the necessary procedures and operations to achieve that future, and determine how success is to be measured.

Other Definitions

Values: The qualities or characteristics that reflect an organization's priorities and what it considers to be important in its approaches to management, its clients and its employees.

Business Practices: Management and administrative processes that provide for maximum organizational effectiveness and efficiency.

Environmental Management System: An EMS is a performance-based management approach that requires an organization to set targets for environmental objectives, manage for these objectives and monitor performance against these objectives.

Sustainable Forest Management: "To maintain and enhance the long-term health of our forest ecosystems, for the benefit of all living things both nationally and globally, while providing for environmental, economic, social and cultural opportunities for the benefit of present and future generations."—Canadian Council of Forest Ministers

SBFEP Facts

- Accounts for 13 per cent of the provincial AAC.
- Supports more than 11,000 direct forestry jobs across B.C.:
  - 2,900 logging jobs,
  - 3,800 sawmilling jobs, and
  - 4,500 in remanufacturing and specialty wood production.
- About 2,500 independent corporations and individuals are registered with SBFEP.
- Registrants are divided between 2,100 market loggers and 400 wood processors and manufacturers.
- More than 1,600 harvesting agreements are signed annually.
- A new market pricing system introduced in 1999 has helped increase the volume of timber receiving bids and being sold through the program.
- Bid proposals helped:
  - maintain 2,500 jobs,
  - create more than 400 new jobs, and
  - lead to investments of more than $21 million in 1999.
- The program will pilot three certification systems — International Standards Organization (ISO), Canadian Standards Association (CSA) and Forest Stewardship Council (FSC).